



## Potential Options for the National Security Personnel System

### Human Resource Management System

September 3, 2004

The attached options were developed by the Program Executive Office, NSPS (PEO-NSPS) Working Groups as potential features of the National Security Personnel System human resources management system. These are working ideas and concepts that have not been approved or endorsed by DoD leadership. The purpose of presenting these options is to generate discussion, and obtain the union's feedback and input into the NSPS design.

**These options do not constitute a proposal, and are “predecisional.”**

**Draft Options for the National Security Personnel System  
Human Resources Management System**

## **Guiding Principles**

Potential design options described in this paper have been crafted based on seven “guiding principles” that act as guideposts as we explore options. All NSPS design features will be rooted in these guiding principles. The Department’s senior leadership endorses these guiding principles. NSPS must:

- Put mission first - support national security goals and strategic objectives
- Respect the individual; protect rights guaranteed by law
- Value talent, performance, leadership and commitment to public service
- Be flexible, understandable, credible, responsive, executable
- Ensure accountability at all levels
- Balance human resources interoperability with unique mission requirements
- Be competitive and cost effective

**Key Interest** – Ability to classify jobs in a way that recognizes and accommodates dynamic and changing missions and new technologies, providing agility and flexibility in assigning work.

**Key Concerns**

- The current grade structure is rigid and inflexible, and limits latitude in adjusting work assignments and organizational structures to meet mission needs.
- The fifteen-grade General Schedule requires detailed position descriptions and refined classification decisions to assign positions to narrow grades.
- Complex and detailed job descriptions cause an undue paperwork burden when reshaping organizations to keep pace with mission changes.

**Potential Design Options**

- Establish a pay banding system that groups related occupations and establishes broad salary ranges, with simplified criteria and procedures for assigning positions to pay bands.
- Minimize and simplify requirements for position descriptions, maximizing flexibility in assigning work while providing adequate information for classification and qualification determinations.
- Define levels of work in broad career path terms, e.g., entry, journey, senior/expert, supervisory.
- Set pay ranges for occupations or occupational groups to reflect labor market conditions, providing flexibilities to managers to offer market competitive salaries to top-quality candidates.
- Accommodate trainees in a pay band system with a training and development strategy that permits pay increases upon demonstrated accomplishment of training objectives without regard to arbitrary timeframes.
- Provide a dual track for high-performing senior experts, to similar salary levels as supervisors.

**Key Interest – Ability to offer competitive compensation that is responsive to market conditions.**

**Key Concerns**

- Today's system is not flexible enough to allow us to offer competitive compensation or react quickly enough to market fluctuations to attract the kind of quality candidates needed in numerous occupations. We often lose interested candidates to the private sector.
- Cumbersome and restrictive qualifications and pay setting requirements result in offers for entry level positions that are not competitive with comparable positions in private industry.

**Potential Design Options**

- Develop a pay system with a market-sensitive pay strategy, to allow managers the ability to offer competitive salaries to top-quality candidates.
- Continue using recruitment, retention, and relocation bonuses as additional tools to attract high quality talent.

**Key Interest – Ability to attract and hire high quality applicants to meet today’s mission needs and shape the DoD workforce of the future.**

**Key Concerns**

- The current system of hiring is too slow, with a complex web of rules and procedures that result in our inability to hire quickly.
- Existing appointing authorities in both the excepted service and competitive service with specific restrictions based on law, Executive Orders, and regulations make the hiring process cumbersome and confusing to applicants.<sup>1</sup>

**Potential Design Options**

- Streamline and consolidate appointing authorities to simplify procedures for hiring from external sources.
- Establish new noncompetitive appointing authorities to expand opportunities to additional groups of applicants and simplify the application process.
- Establish DoD direct hire authority to meet critical recruiting and hiring needs for the Department, based on standard DoD criteria.

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<sup>1</sup> Hiring procedures established under NSPS are required to adhere to the principles of hiring based on merit, fair treatment without regard to non-merit considerations, and veterans’ preference.

**Key Interest – Ability to develop and retain high-performing employees through appropriate compensation, incentives, and rewards, ensuring accountability of individual performance by employees, supervisors, and managers.**

**Key Concerns**

- The current system emphasizes longevity over individual performance, and does not appropriately recognize performance in pay, awards, and retention decisions.
- Organizational performance often suffers because there are not enough incentives for employees to take risks and strive for excellence.
- Current law and regulation prevent management from granting significant pay increases to top performers, that is, those employees who drive the agency to success. While cash awards may be used to recognize high performance, pay increases may be a more appropriate form of recognition.

**Potential Design Options<sup>2</sup>**

- Develop a pay for performance system in which progression through a pay band is based on performance and/or contribution.
- Elimination of automatic pay increases granted based on the passage of time.
- Features of a pay for performance system could include:
  - a “pay pool” concept to determine pay increases, whereby a given performance rating generates a given pay increase.
  - a “share” system to distribute pay pool funds, both in base pay increases and bonuses
  - required training for supervisors and managers before they are authorized to render decisions in the pay for performance process
  - required training for supervisors, managers, and employees in effective communication, setting goals and expectations, providing feedback, and assessing performance
- Provide procedural accommodations for specially situated employees (e.g., long term training, developmental assignments, matrix organizations).
- Establish performance as the primary factor for decisions regarding pay adjustments, awards, and retention in a reduction in force.

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<sup>2</sup> The law authorizing NSPS requires that the system include a “pay-for-performance evaluation system to better link individual pay to performance, and provide an equitable method for appraising and compensating employees.”

**Key Interest** – Ability to reshape and transition the workforce in response to changes in mission, environment, and technology.

**Key Concerns**

- The current system does not allow the flexibility to motivate employees to accept new and difficult work assignments.
- The current system makes it difficult to achieve the optimal balance between the military, civilian, and contractor work forces.

**Potential Design Options**

- Establish pay setting flexibilities to allow base pay increases for reassignments (within a pay band), e.g., as an incentive to take a more challenging assignment or to relocate.
- Streamline reduction in force procedures and leverage workforce shaping authorities to provide for faster and more efficient organizational transformations.

**Key Interest** – Ability to foster effective engagement between supervisors and employees to promote high performance, good conduct, and support improved mission capability and accomplishment.

**Key Concerns**

- Lack of employee/supervisor dialogue in establishing performance and conduct expectations and providing timely feedback.
- Inconsistent methods of communicating performance and conduct expectations across DoD.
- Inconsistent application of and reluctance to use performance improvement and conduct discipline systems.
- Lack of employee involvement in developing improvement plans or determining appropriate discipline.

**Potential Design Options**

- Establish and communicate performance and conduct expectations and provide feedback on a continual basis.
- Consistently and continually acknowledge and reward high performance and good conduct.
- Streamline the Performance Improvement Plan process, using a progressive approach to correct performance problems.
- Prepare a written notice of marginal performance as soon as marginal performance is identified.